

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 SS-15 STR-07 CEA-01 SSO-00
INRE-00 L-03 ABF-01 /077 W
-----063916 281106Z /23

O R 281030Z JUN 78
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC IMMEDIATE 9175
INFO AMCONSUL KADUNA

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E.O. 11652: N/A
TAGS: EFIN, NI
SUBJECT: NIGERIA TERMINATES DOUBLE TAXATION ARRANGEMENT WITH U.S.

REF: LAGOS 7907

1. MEA ECONOMIC DEPT. OFFICIALS ASSURED US ON NIGHT OF JUNE 27 THAT THE ABRUPT TERMINATION OF THE DOUBLE TAXATION RELIEF ARRANGEMENT WITH US AND OTHER COUNTRIES IS NOT A DEVICE TO OBTAIN REVENUE BUT RATHER A "CONSTRUCTIVE MOVE" TO STANDARDIZE TAX AGREEMENTS WITH OTHER COUNTRIES. THE INTENTION TO PREVENT DOUBLE TAXATION CONTINUES, BUT THE FORMULA WILL BE MORE UNIFORM. THE FMG HOPES TO HAVE ITS PROPOSED STANDARD DRAFT AGREEMENT ACCEPTED BY FRIENDLY NATIONS AS SOON AS MUTUALLY CONVENIENT.

2. ACCORDING TO THE EXPLANATION GIVEN TO ECON COUNSELOR, THE REPUBLIC OF NIGERIA INHERITED NINE "ARRANGEMENTS" FROM THE BRITISH AT INDEPENDENCE IN 1960. THE NINE COUNTRIES REPORTEDLY CONSIST OF THE U.S., U.K., SWEDEN, NORWAY, DENMARK, THE GAMBIA, GHANA,
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SIERRA LEONE AND NEW ZEALAND. OTHER COUNTRIES HAVE NOT HAD BILATERAL AGREEMENTS WITH NIGERIA AND THE ORIGINAL NINE AGREEMENTS WERE A MIXED BAG. THE STRAIGHTENING OUT OF THE SITUATION WAS TALKED OF FOR A LONG TIME BUT LITTLE WAS DONE UNTIL NEGOTIATIONS GOT UNDERWAY THIS YEAR WITH WEST GERMANY AND IRELAND. THE FMG HAS COME TO THE CONCLUSION THAT A UNIFORM AGREEMENT SHOULD

BE BEST. A STANDARD NEW FORM HAS BEEN DESIGNED AND ALL COUNTRIES WILL BE ASKED TO CONSIDER IT.

3. MEA IS UNDERSTANDABLY ANNOYED WITH THE MINISTRY OF FINANCE FOR ITS LONG PROCRASTINATION ON THE ISSUE FOLLOWED BY ITS HASTE TO RUSH THE TERMINATION NOTICES THROUGH ON THE EVE OF THE JUNE 30 EXPIRATION DATE. ON THE MORNING OF JUNE 26, MINFINANCE DELIVERED THE NOTICES TO THE MEA AND ASKED THAT THEY BE DELIVERED AT ONCE. MEA PLACED A MIMEOGRAPHED COVER SHEET NOTE ON EACH AND CARRIED THEM TO THE AFFECTED DIPLOMATIC MISSIONS ON JUNE 27. SIGNATURES ON THE NOTICES INDICATE THAT THEY HAD BEEN PREPARED IN MINFINANCE BY APRIL 25.

4. MEA OFFICIALS FULLY AGREE THAT TIMING OF TERMINATION ACTION WAS DEPLORABLE. THEY ALSO UNOFFICIALLY STATE THEIR BELIEF THAT GAP CAUSED BY LACK OF AGREEMENT BETWEEN JUNE 30 AND SIGNING OF NEW AGREEMENT WILL NOT RESULT IN FINANCIAL LOSS TO US CITIZENS LIVING HERE.

5. EMBASSY PLANS TO SUBMIT NOTE TO MEA ACKNOWLEDGING RECEIPT OF TERMINATION NOTICE, REQUESTING COPY OF PROPOSED DRAFT AGREEMENT FOR STUDY, AND STATING THAT USG WISHES TO DRAW UP AND NEGOTIATE NEW DOUBLE TAXATION ARRANGEMENT AS SOON AS POSSIBLE. PLEASE LIMITED OFFICIAL USE

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ADVISE.
WYMAN

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOUBLE TAXATION
Control Number: n/a
Copy: SINGLE
Draft Date: 28 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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